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STAT

14 Sep 87

Per

Original to be handcarried to
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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Letter to Chairman, HPSCI

FROM:

EXTENSION

NO.

DCI/ICS 0933-87/1

STAT Director/Community Counterintelligence
and Security Countermeasures Office

DATE

8 September 1987

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS: (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Legislative Liaison/ICS

9/8/87

9/8/87

J/B

2. Executive Officer/ICS

9/8/87

9/8/87

HBS

Laufer

3. Deputy Director/ICS

R&E

8/2

✓

4. Director/ICS

SEP 8 1987

9/8/87

LJH

5. Director/Office of
Congressional Affairs

9/9/87

JG

6. Executive Registry

10 SEP 1987

TK

DUE TO HPSCI
ON 11 SEPT.7. Acting Director of
Central Intelligence

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9 SEP 1987
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B-406-1R

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DCI/ICS 0933-87/1

8 September 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

VIA: Director, Intelligence Community Staff

FROM:

[Redacted]
Director, Community Counterintelligence and
Security Countermeasures Office/ICS

SUBJECT: Proposed Response to Chairman Stokes

1. Attached for your review and signature is the proposed response to the 6 July 1987 letter to the DCI from HPSCI Chairman Stokes in which he requested, by 11 September 1987, a report on steps taken by the Community to respond to the Committee's findings and recommendations in its report, "U.S. Counterintelligence and Security Concerns - 1986."

2. Our proposed response consists of a cover letter to Congressman Stokes and two enclosures dealing with the findings and the recommendations, respectively. The response was prepared in CCISCMO as a strawman draft and circulated to all members of the three IGs that were in any way concerned with the content of the HPSCI report. Responses to the draft were received from Justice, CIA, FBI, ODUSD(P), OSD (C³I), State, OPM, ISOO, NSA, and NSC Staff (Recommendation 2 only). The draft was revised to include or accommodate all of the desired modifications; it was then resubmitted to the chairmen of the three IGs for concurrence (they also received copies of the strawman draft for information). The revised draft was also distributed to the original addressees for information. The IG chairmen have reviewed and concurred in the proposed response.

3. The proposed response does not go much further in reporting on remedial steps than did the first of the Presidentially directed biannual reports on implementing the tasks of the President's report on counterintelligence and security. The proposed cover letter does, however, commit to the delivery of the second of the biannual reports to the Congress by Thanksgiving. The proposed response does not take issue with the HPSCI findings and does not knowingly contain any contentious or controversial material. It does concentrate on the recommendations as opposed to the

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SUBJECT: Proposed Response to Chairman Stokes

findings, should lead the HPSCI staff to recognize that the HPSCI report is but one of several concerned with improving US counterintelligence and security, and should more than occupy the HPSCI Staff until the second of the biannual reports is delivered.

4. The Department of Defense is preparing a separate report for submission to Congressman Stokes by the Secretary in response to a request similar to that sent to the DCI. The DoD report is not a duplicate of this proposal, but an early draft was received in this office, compared, and found not to be in conflict with this proposal. DUSD(P) personnel continue to assure me that subsequent drafts continue to be reviewed to assure that the two responses are neither in conflict nor will they cause problems for each other.

5. Recommend your approval and signature.

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Attachment:
a/s

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SUBJECT: Proposed Response to Chairman Stokes

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D/CCISCMO/ICS [REDACTED] (8 September 1987)

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The Director of Central Intelligence

Washington, D.C. 20505

14 September 1987

The Honorable Louis Stokes, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is my response to your 23 June 1987 request for a report on steps to respond to the findings and recommendations contained in the Committee's 4 February 1987 report, US Counterintelligence and Security Concerns, 1986.

The Committee report focused on the personnel issue--one area of the intelligence discipline where counterintelligence and security countermeasures meld. It complements the three prior reports on the same topics, i.e., the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities; the Senate Select Committee on Intelligence (SSCI) report, Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs; and the Department of Defense Security Review Commission report, Keeping the Nation's Secrets: A Report to the Secretary of Defense by the Commission to Review DoD Security Policies and Practices.

To keep the HPSCI informed of Intelligence Community activities responding to this problem, I provided the Committee a copy of the first of four interim reports on progress being made on the recommendations and findings of the aforementioned President's report; the second of these reports should be in your hands by Thanksgiving. In addition to addressing some of the recommendations and findings in the HPSCI report, this initial report set forth the groundwork for progress toward achieving the several objectives necessary to improve the counterintelligence and security countermeasures posture and activities of the United States Government. Many actions have been initiated and will be ongoing indefinitely due to the continuing need to adjust and implement actions in areas involving personnel.

The reports referred above have sensitized not only the Intelligence Community but other entities of the executive branch and some parts of Congress to the need for action. The ecumenism generated was demonstrated by a 21 July 1987 briefing to the Interagency Group/Countermeasures (Policy)

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detached

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[IG/CM(P)] by the representatives from the CIA's Office of Security and Office of Personnel on methods currently being employed to handle persons separated from the CIA in the interests of the United States. An exposition of this nature would likely not have occurred if it were not for the driving force of the awareness generated by the several reports. []

25X1

As another example, the CIA and Federal Bureau of Investigation (FBI) are well along in drafting a standard operating procedure-type agreement to be followed should future instances like the "Howard Case" occur. On completion, it should serve as a model and basic doctrine for use government-wide. A copy of the completed document will be provided to the HPSCI and SSCI. []

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Many other initiatives and studies are under way within the Intelligence Community, especially regarding the impact of heightened security requirements on personnel and related issues. These will be discussed as part of the ongoing series of reports requested by the President as follow-up to his report to the Congress last fall. []

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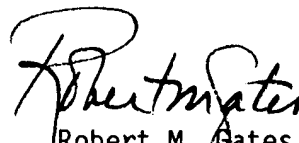
As you are aware from conversations prior to publication of the HPSCI report, the Intelligence Community does not wholly agree with the 16 findings in the HPSCI report. I have chosen, however, to proceed on the basis that each of the findings has utility as an input to the ongoing process of strengthening US counterintelligence and security. []

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Enclosed are specific comments on the 16 HPSCI findings and the 14 HPSCI recommendations. []

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Sincerely,



Robert M. Gates
Acting Director

Enclosures

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SUBJECT: Response to Chairman Stokes

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D/CCISCMO/ICS (8 September 1987)

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S E C R E T

20 AUG 1987

MEMORANDUM FOR: Director, Community Counterintelligence and
Security Countermeasures Office

25X1 ATTENTION:

FROM:

Director of Security

25X1 SUBJECT: Draft Comments on HPSCI Counterintelligence
and Security Recommendations

REFERENCE: DCI/ICS 0907-87, dtd 29 July 87; Same Subject

25X1 1. The Office of Security, Office of General Counsel, and
Counterintelligence Staff have reviewed the initial draft
comments on the recommendations contained in the 4 February
1987 HPSCI unclassified report, United States
Counterintelligence and Security Concerns, 1986. Proposed
changes in text are highlighted on tabbed pages in the attached
draft.

25X1 2. Questions concerning these changes should be directed
to Acting Chief, Policy Branch/PPS on
secure extension

Attachment

cc: EXDIR
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S E C R E T

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MEMORANDUM FOR:

Attached, per request of the DDCI, is a revised interim response to Chairman Stokes on the HPSCI unclassified report, US Counterintelligence and Security Concerns, 1986.

STAT
Director, CCISCMO/ICS

Date 29 July 1987

FORM 101 USE PREVIOUS
5-75 EDITIONS

The Director of Central Intelligence

03 AUG 1987

Washington, D.C. 20505

DCI/ICS 0900-87

The Honorable Louis Stokes, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is to acknowledge receipt of your June 23 letter asking for a report by September 11 on steps taken by the Intelligence Community to respond to findings and recommendations of the House Permanent Select Committee on Intelligence concerning counterintelligence and security. This letter also constitutes my commitment to respond by 11 September.

In the meantime, I suggest that you might find useful the first of the biannual reports, directed by the President, on implementation of the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities, prepared in response to P.L. 99-169, as your Committee's principal source of information on remedial measures in these areas. The first of these reports was delivered to Mr. Latimer on 24 June; I expect to have the second of these reports distributed prior to Thanksgiving.

Sincerely yours,

/s/ William H. Webster

William H. Webster



B-406-15

SUBJECT: Letter to Chairman, HPSCI

STAT D/CCISCMO/ICS: (retyped 28 July 1987)

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ER
ER 87-2910

The Deputy Director of Central Intelligence

Washington, D.C. 20505

Harry -

This letter is too much of
a brush-off and, given one

[redacted]

is

STAT

counterproductive. Why can
we not briefly comment on
the findings, including where
we agree, think they're
overdrawn, or where there
are disagreements in the IC?

I think we need a more
forthcoming response - quickly.
Both to Stokes now (an interim) and
in Sept.

[redacted]

Orig ~~xxx~~- of this package given

STAT to Gen Heintz by [redacted] 28 Jul 0930 hrs,
with note from Mr. Gates, "too much of a brush
off, why not comment and redo quickly an interim
response and final later in Sept.

Jim P

ER

OCA 87-2919
17 July 1987

NOTE FOR: The Director

FROM: Dave Gries

SUBJECT: Chairman Stokes' Letter Concerning
Counterintelligence--Recommended Response Prepared by
the Intelligence Community Staff

Chairman Stokes wrote you on 23 June concerning a public report of the House Intelligence Committee entitled "U. S. Counterintelligence and Security Concerns-1986." The Chairman's letter explained that the principal areas of concern described in the report would be reviewed at hearings in the Fall. In the meantime, the letter asked that you review these areas of concern and respond to the Committee by 11 September on what the Community is doing to address them.

The Intelligence Community staff has drafted a response which confirms your commitment to meet the 11 September deadline *goes on to* *in the second paragraph* ~~in the first paragraph~~. The response also says that you prefer not to reopen discussions concerning the Committee's findings. The response mentions a number of reports on counterintelligence performance that either have been sent to the Committee or will be sent to the Committee.

I believe the second paragraph of the response prepared by the Intelligence Community staff will fall on deaf ears at the Committee. Although we may not like or accept the Committee's criticism of our counterintelligence performance, we should not decline to address the criticism. Therefore I recommend we drop the second paragraph.

Although the third paragraph contains useful information, I believe it should be recast somewhat as follows:

In the meantime, I draw your attention to our report of June 24 delivered to Mr. Latimer concerning implementation of the President's REPORT TO THE CONGRESS ON THE NATION'S COUNTERINTELLIGENCE AND SECURITY COUNTERMEASURE PLANS, PROGRAMS AND CAPABILITIES. A second report in this series will be distributed prior to Thanksgiving. I hope these will be helpful to you.

cc: DDCI
EXDIR

Intelligence Community Staff

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DCI/ICS 0900-87/1

9 July 1987

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Director, Intelligence Community Staff ~~CS~~
Deputy Director, Intelligence Community Staff ~~CS~~

25X1 FROM:
Director, Community Counterintelligence and
Security Countermeasures Office/ICS

25X1 SUBJECT: Proposed Preliminary Response by the DCI to 23 June
Letter from Congressman Stokes

1. This memorandum recommends that you forward the attached letter as a preliminary response to the 23 June letter in which Congressman Stokes requested, by 11 September, a report on the Intelligence Community response to the HPSCI findings and recommendations regarding counterintelligence and security countermeasures. The proposed letter would:

- Attempt to avoid reopening discussion of the HPSCI findings, which are contentious. The Community attempted, without success, to have those findings modified prior to their publications, and Mr. Casey, just before he became ill, apparently had discussions with Congressman Stokes regarding them. Any attempt to discuss the findings in a Community or SIG-I coordinated paper will, in my view, inevitably result in reopening arguments that will not be productive.
- Commit to the requested report on the Committee's recommendations.
- Request that Congressman Stokes rely on the Presidentially ordered biannual reports on this subject as his main source of information. I am not very hopeful that this will happen (note that the Committee Staff Director received the first of the biannual reports on 24 June and that the Stokes letter is dated 23 June), but reasonable concern

25X1 for efficiency requires the attempt.

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25X1 SUBJECT: Proposed Preliminary Response by the DCI to 23 June
Letter from Congressman Stokes [redacted]

25X1 2. For background, attached is 13 February memorandum to the ADCI that summarized the 14 HPSCI recommendations. A quick review suggests that the comments are still valid with the exception of those relating to the second recommendation, which is that an independent group of outside experts examine the damage from recent espionage cases to collection techniques. Such an examination is being conducted under the overall direction of Mr. Barry Kelly of the NSC Staff, and the recommendation should be noted as valid. The administration determined, however, that an inside group do the work and it has a considerably broader set of objectives. [redacted]

25X1 [redacted]
Attachments:

1. Letter to Chairman, HPSCI
2. Memo to ADCI, 13 February 1987 (DCI/ICS-87-0782)

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SUBJECT: Proposed Preliminary Response by the DCI to 23 June
Letter from Congressman Stokes (U)

STAT

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ICS 0900 81

The Director of Central Intelligence

Washington, D.C. 20505

The Honorable Louis Stokes, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This note is to acknowledge receipt of your June 23 letter asking for a report by 11 September on steps taken by the Intelligence Community to respond to findings and recommendations of the House Permanent Select Committee on Intelligence concerning counterintelligence and security. This note constitutes my commitment to report on the status of your recommendations by 11 September.

As you know, the Committee's findings were discussed prior to issuance of the report by your staff and members of the Community and, as I understand it, by you and Mr. Casey. I would prefer not to reopen those discussions at this time but prefer to get on with remedial actions.

I also ask that you consider relying on the biannual reports, directed by the President, on implementation of the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities, prepared in response to P.L. 99-169, as your Committee's principal source of information on remedial measures in these areas. The first of these reports was delivered to Mr. Latimer on 24 June; I expect to have the second of these reports distributed prior to Thanksgiving. A cursory look at the first of these reports will demonstrate that the work of monitoring and reporting on the large (and still growing) number of tasks and recommendations requires an orderly and scheduled process that allows information on the efforts of the many involved organizations to be properly gathered, collated, and summarized. Your support in keeping this process orderly would be much appreciated.

Sincerely yours,

William H. Webster

UNCLASSIFIED

DCI/ICS-87-0782
13 February 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

VIA: Director, Intelligence Community Staff
Deputy Director, Intelligence Community Staff

STAT:
FROM: Director, Community Counterintelligence and Security
Countermeasures Staff/Intelligence Community Staff

SUBJECT: Views on HPSCI Counterintelligence and Security
Countermeasures Recommendations

REFERENCE: HPSCI Report, "United States Counterintelligence and
Security Concerns - 1986" dated February 1987

1. The attached annotated HPSCI CI/SCM recommendations are provided FYI in response to your telephonic questions. The annotations are uncoordinated CCISCMS views that:

a. give a subjective judgment on the validity of the several HPSCI recommendations,

b. comment on the uniqueness of the recommendations, and

c. provide a judgment on whether meeting the recommendations would require a new initiative.

2. While the HPSCI report is contentious, it is close to the mark. It does not raise any new issues, but the recommendation on need-to-know has no close parallel in current relevant documents. Implementation of the President's report, the Stilwell (DoD) report, the SSCI report, and/or several NSDDs would respond generally to the HPSCI recommendations.

3. CCISCMS will keep the HPSCI recommendations in mind as the Community proceeds to respond to Presidential direction to the DCI to report twice yearly on implementation of the President's report. Data will be maintained to permit responses to HPSCI queries on disposition of its recommendations.

4. The HPSCI recommendations, like those in the other relevant documents, can be met only if the administration is willing to devote significant funds

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to the process and, of equal and perhaps greater importance, is willing to actively support good security practices regardless of the inconvenience or inefficiency that results from such support. The NFIC bureaucracy has not yet, in my view, displayed that support.

STAT

Attachment:
a/s



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HPSCI RECOMMENDATIONS--
COUNTERINTELLIGENCE AND SECURITY COUNTERMEASURES

RECOMMENDATION 1: US intelligence agencies should undertake a coordinated review of their hiring practices.

COMMENT: a. Valid.

b. Already identified as problem in Stilwell report, SSCI report, President's report, and NSDD 84.

c. No new action required. ("New" meaning "initiate in response to HPSCI report.")

RECOMMENDATION 2: The President should authorize an independent group of experts outside the Intelligence Community to examine thoroughly the damage to US intelligence capabilities resulting from recent espionage cases and to urge needed adjustment of US intelligence collection techniques.

COMMENT: a. Invalid. In June 1985, the SSCI, with executive branch support, defeated a proposal by Senator Byrd to establish a National Commission on Security and Espionage. In lieu thereof, Senators Durenberger and Leahy prepared the SSCI report on security and counterintelligence, and we prepared the companion piece to that, the President's report.

b. Already identified in numerous documents.

c. No new action required.

RECOMMENDATION 3: All US intelligence agencies should be required to report as appropriate to the Director of the Federal Bureau of Investigation or the Director of Central Intelligence information they possess which raises a suspicion of possible espionage.

COMMENT: a. Valid. Problem is in definition of "suspicion."

b. Already identified in multiple documents and required by extant law.

c. No new action required.

RECOMMENDATION 4: US intelligence agencies should institute a rigorous need-to-know policy to govern access to classified information and back that policy by disciplinary action against employees who breach that policy.

COMMENT:

a. Valid.

b. Unique in current series of CI/SCM documents.

c. Some action may be required. The need-to-know principle has received continuous lip service, and all Intelligence Community organizations profess compliance. The reality is, however, that the definition of "need" has continuously expanded. Concepts responsible for that expansion include, for example:

- All-source analysis;
- Tactical fusion centers;
- Coordinated or (forgive me) synergistic interactive cross-discipline collection system requirements;
- Congressional staffers should have access to classified material;
- Broad perspective training courses.

Need-to-know attitudes are a matter for NFIC management and fall into the "efficiency vs security" box of paradoxes. You may wish to discuss need-to-know, perhaps at an off-site or at an NSPG meeting, but shrinking the definition of "need" will be a quixotic task. (Think what it would do to OTA alone!)

RECOMMENDATION 5: The Director of Central Intelligence should consider establishing a system for dissemination of intelligence with minimal source identification, restricting full knowledge of sources only to those who absolutely need to know.

COMMENT:

a. Valid.

b. Is existing policy.

c. Managerial attention to implementation is constantly necessary, but a new action is not required.

RECOMMENDATION 6: The executive branch and the Congress should work to standardize, expedite, and adequately fund the security clearance process. The Secretary of Defense, in consultation with the Director of Central Intelligence, should examine whether the Defense Investigative Service (DIS) can serve adequately the personnel security background investigations and whether they should contract with private firms for such investigations. The Congress should carefully examine the budget request for DIA (sic) within the FY 1988 Defense budget review process.

COMMENT: a. Valid.

b. Identified in President's report, SSCI report, Stilwell report, NSDD 84, NSDD 196, etc.

c. No new action required; however, budgetary support from Congress is necessary to complete actions under Stilwell and Presidential reports.

RECOMMENDATION 7: Background investigations should focus more on the financial status of the subjects of the investigation.

COMMENT: a. Valid.

b. Identified in President's report, SSCI report, Stilwell report, and other related documents.

c. No new action required, but manpower required. The DCI signed a supporting memorandum to HPSCI on 5 December 1986 (ER 86-5717).

RECOMMENDATION 8: Periodic reinvestigation of personnel with access to sensitive compartmented information, i.e., the nation's most sensitive intelligence secrets, should be given priority equal to that of initial investigations.

COMMENT: a. Valid.

b. Identified in Stilwell report, SSCI report, and related documents.

c. No new action required, but manpower required.

RECOMMENDATION 9: Legal and administrative mechanisms should be established to ensure that agencies which possess information of security relevance on an employee or applicant for employment of another agency share that information with that agency.

COMMENT: a. Valid.

b. At least implicit in President's report and SSCI report.

c. New actions probably required to address constitutional tort liability for passage of derogatory information. Work needed in this area; OGC asked to examine recommendation.

RECOMMENDATION 10: The National Security Council, the Attorney General, the Secretary of Defense, and the Director of Central Intelligence should review jointly executive branch policy with respect to former government personnel and personnel of government contractors who had access to sensitive compartmented information and consider changes, such as requiring exit interviews and a separation non-disclosure agreement, to deter post-employment unauthorized disclosures of classified information.

COMMENT: a. Valid

 b. At least implicit in President's report, SSCI report, and Stilwell report.

 c. New action not required.

RECOMMENDATION 11: The leadership of the House of Representatives should examine the feasibility of establishing uniform security procedures for House committees, offices, and organizations which meet or exceed executive branch standards.

COMMENT: a. Valid.

 b. Similar finding in SSCI report.

 c. Action required in the CONGRESS.

RECOMMENDATION 12: The Federal Bureau of Investigation should establish a program of rewards for information leading to the arrest of individuals for espionage.

COMMENT: a. Possibly valid.

 b. President's report, SSCI report, and CI strategy paper call for more generic improvements in CI efforts.

 c. No new action required. FBI does some of this already and can expand the practice as useful.

RECOMMENDATION 13: Strict, rigidly applied communications and computer security practices should be established within the US Government.

COMMENT: a. Valid.

 b. NSDD 145 creating NTISSC and President's report deal with this expensive and very complex area.

 c. No new action required, but budgetary support required.

RECOMMENDATION 14: The Attorney General, the Director of the Federal Bureau of Investigation, and the Director of Central Intelligence should consider realigning some FBI surveillance resources to high priority intelligence targets. The Congress should carefully weigh the amount of resources requested for this purposes in the FY 1988 budget review process.

COMMENT: a. Valid.

 b. Generic problem discussed in President's report, SSCI report, and CI strategy paper.

 c. No new action required.

The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

DCI/ICS 0907-87
29 July 1987

MEMORANDUM FOR: See Distribution

25X1 FROM:

[redacted]
Director, Community Counterintelligence and Security
Countermeasures Office

25X1 SUBJECT: Draft Comments on HPSCI Counterintelligence and Security
Recommendations [redacted]

25X1 1. Attached for your review by 17 August are initial draft comments on the recommendations contained in the 4 February 1987 HPSCI unclassified report, United States Counterintelligence and Security Concerns, 1986. These comments have been prepared in response to a request to the DCI from Chairman Stokes (copy also attached). [redacted]

25X1 2. In order to meet the 11 September reporting date specified in the letter from Chairman Stokes, your cooperation is essential. [redacted]

- 25X1 o Your comments (line-in, line-out or full replacement of the text) by 17 August to CCISCMO/ICS, ATTN: [redacted]
- o CCISCMO will, as required, rework text, consulting with contributing agencies as required, and republish by 28 August with information copies to addressees of this memorandum and concurrence copies to the Chairmen of the IG/CI, the IG/CM(P), and the IG/CM(T).
- 25X1 o Comments or concurrence from IG Chairmen by 4 September with revisions as required and submission to the DCI by 8 September. [redacted]

3. Per instructions from the DDCI, the response to HPSCI should concentrate on the recommendations and should avoid contention regarding the findings. In your review of the strawman draft, consequently, please keep comments on the individual findings to not more than two or three sentences (of normal length), and please do not argue with the facts or implications of the findings. Reopening the discussions from the fall of 1986 on the

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B-406-15

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25X1 SUBJECT: Draft Comments on HPSCI Security and Counterintelligence
Recommendations [redacted]

25X1 validity, utility, or proper classifications of the findings is not considered
25X1 beneficial. A fulsome treatment of the comments on the recommendations,
25X1 however, is desired. [redacted]

25X1 4. The action office for this process is [redacted] He may be
25X1 reached on [redacted] secure. I can be reached on the
25X1 same unsecure number or [redacted]

25X1
Attachments:

1. Draft letter to Chairman Stokes with
initial draft comments on HPSCI
findings and recommendations
2. Stokes letter

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SUBJECT: Draft Comments on HPSCI Security and Counterintelligence
Recommendations [redacted]

D/CCISCMO/ICS: [redacted]

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- 1 - Mary Lawton, DoJ
- 1 - [redacted]
- 1 - James Geer, FBI
- 1 - [redacted]
- 1 - [redacted]
- 1 - [redacted]
- 1 - Louis Ritchie, DoE
- 1 - Frances Sclafani, OPM
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ATTACHMENT _____/_____

The Honorable Louis Stokes, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is my response to your June 23, 1987, request for a report on steps to respond to the Committee's findings and recommendations contained in the February 4, 1987, report, US Counterintelligence and Security Concerns, 1986.

The report by the House Permanent Select Committee on Intelligence (HPSCI) focused on the personnel issue--that area of the intelligence discipline where counterintelligence and security countermeasures meld. It complements the three prior reports on the same topics, i.e., the President's Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities; the Senate Select Committee on Intelligence (SSCI) report, Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs; and the Department of Defense Security Review Commission report, Keeping the Nation's Secrets: A Report to the Secretary of Defense by the Commission to Review DoD Security Policies and Practices.

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As a manner of keeping HPSCI informed of developments within the Intelligence Community, a copy of the first of four interim reports on progress being made on the recommendations and findings of the aforementioned President's report was provided to the HPSCI. In addition to covering some of the recommendations and findings in the HPSCI report, this initial report set forth the groundwork on which progress is being made to achieve the several objectives necessary to improve the counterintelligence and security countermeasures posture of the United States Government and its activities. Many actions have been initiated and will be ongoing in a perpetual sense due to the continual need to adjust and implement actions in areas involving personnel. It is apparent that the several reports have sensitized not only the Intelligence Community but other entities of the executive branch and some parts of Congress to the need for action. The ecumenicalism generated can be demonstrated by a 21 July 1987 briefing to the Interagency Group/Countermeasures (Policy) [IG/CM(P)] meeting by the representatives from the Central Intelligence Agency's (CIA) Office of Security and Office of Personnel on methods currently being employed to deal with persons separated from the CIA for cause. An exposition of this nature would likely not have occurred if it were not for the driving force of the awareness generated by the several reports.

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Further to the impetus generated by these reports and a request from the National Security Council, the CIA and Federal Bureau of Investigation (FBI) are well along in drafting a standard operating procedure-type agreement to be followed in future instances like the "Howard Case," should such occur. On completion, it will serve as a model and basic doctrine for US Government

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agencies to use government-wide. Once completed, the HPSCI and SSCI will be informed of the details. 

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There are many other initiatives and studies under way within the Intelligence Community, especially regarding the impact of heightened security requirements on personnel and related issues. These will be reported on as part of the ongoing series requested by the President as follow-up to the previously mentioned report on CI and CM. 

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Enclosed are specific comments on the 16 HPSCI findings and the 14 HPSCI recommendations. 

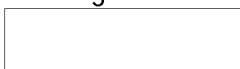
Sincerely yours,

William H. Webster

Enclosures

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U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE
 ON INTELLIGENCE
 WASHINGTON, DC 20515-8415

June 23, 1987

Honorable William H. Webster
 Director of Central Intelligence
 Washington, D. C. 20505

Dear Judge Webster:

Last February, the Committee issued a public report entitled, "U.S. Counterintelligence and Security Concerns - 1986." The report noted a number of weaknesses in our ability to undertake counterintelligence operations against espionage by other countries. A central theme was that, while any one of the weaknesses would be of individual concern, taken together, they signified an emerging pattern of poor management in U.S. counterintelligence and security programs. The report stressed the need to take more aggressive action and made sixteen findings and fourteen recommendations.

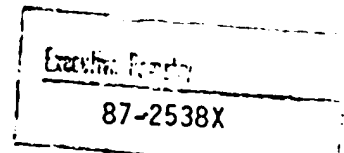
Among the principal areas of concern highlighted were:

- weaknesses in personnel selection and the need for a coordinated review of community hiring practices;
- a need for a better exchange of counterintelligence data among agencies;
- a critical need to standardize, expedite and fund the security clearance process; and
- a greater focus on financial matters in the conduct of background investigations.

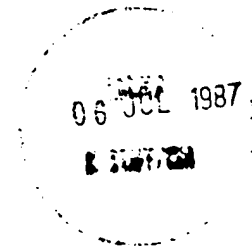
The report also noted a concern that "once the glare of public scrutiny leaves the problems of espionage and security . . . the political will to advance security programs and maintain high levels of attention and necessary funding for their implementation will not be sustained."

This Committee does not intend for its report to be the final word on these matters. I have asked Tony Beilenson, Chairman of the Subcommittee on Oversight and Evaluation, to follow through on the report and to undertake a continuing examination of the intelligence community's response to the Committee's findings and recommendations. I anticipate that the Subcommittee will hold hearings on these and related matters in the fall. Prior to that

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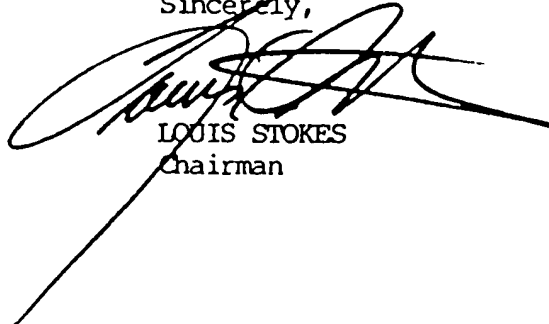
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time, I am requesting that you and your staff carefully review the Committee's report and respond by September 11, 1987 on what specific steps the community is taking in response to the Committee's findings and recommendations.

I know you agree that we cannot simply become concerned about security when we have a major counterintelligence failure or a new espionage case. Too often in the past, we have had lip service paid to these critical issues when they are in the forefront of media attention only to see concerted long-term action get lost in the bureaucracy.

The full Committee and the Subcommittee, under Chairman Beilenson, is prepared to work with you in reaching what I know are mutual goals in improving our counterintelligence and security posture, to include assistance in implementing new programs and funding. I look forward to your response on the Committee's recommendations and stand ready to address these matters constructively in the coming months.

Sincerely,

A large, stylized handwritten signature in black ink, likely belonging to Louis Stokes, is written over the typed name and title. The signature is fluid and somewhat abstract, with long, sweeping strokes.

LOUIS STOKES
Chairman